
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Jeanne C. Johnston.

DIGEST

Nevers

SCR No.

Provides for legislative approval of the formula for FY 08-09 to determine the cost of a minimum foundation program (MFP) of education in all public elementary and secondary schools as well as to equitably allocate the funds to city, parish, and other local public school systems (including the Recovery School District (RSD) and two university laboratory schools) as developed by the State Board of Elementary and Secondary Education (BESE) and adopted by the board on March 12, 2009.

Present formula (HCR No. 207 of the 2008 Regular Session) costs for FY 08-09 are \$3.270 billion.

Proposed formula implementation costs for FY 08-09, as estimated by the state Department of Education, are \$3.275 billion.

Preliminary and final allocations are computed as follows:

- (1) BESE determines no later than March 15 each year for the upcoming fiscal year preliminary allocations of the MFP formula for city, parish, and other local public school systems (including the RSD and the LSU-BR and Southern University-BR laboratory schools) using the latest available data. Upon adoption by BESE of such preliminary allocations for the ensuing fiscal year, the superintendent submits the MFP funding requirements to the Joint Legislative Committee on the Budget and to the House and Senate Committees on Education.
- (2) Upon approval by the legislature of the MFP formula resolution for the upcoming fiscal year, BESE determines final allocations for city, parish, and other local public school systems (including the RSD and the LSU-BR and Southern University-BR laboratory schools), using latest available data, no later than June 30 for the fiscal year beginning July 1.
- (3) Latest available student count estimates will be used for newly opened school districts or local education agencies in the final allocations of the MFP formula no later than June 30 for the fiscal year beginning July 1.

Mid-year adjustments are computed as follows:

- (1) If the Oct. 1 student count for any city, parish, or other local public school system, the RSD, or eligible lab schools exceeds the previous year's Feb. 1 membership by either 50

students or 1%, a mid-year adjustment to provide additional per pupil funding is made for each additional student based on the final MFP allocation per pupil amount for that entity as approved by BESE. Districts and schools may request that the state superintendent make estimated monthly payments based on documented mid-year growth prior to the Oct. 1 count.

- (2) If the Feb. 1 membership for any city, parish, or other local public school system, the RSD, or eligible lab schools exceeds the current year Oct. 1 membership by either 50 students or 1%, a second mid-year adjustment to provide additional per pupil funding is made for each additional student based on one-half of the final MFP allocation per pupil amount for that city, parish, or other local public school system as approved by BESE. Districts may request that the state superintendent make estimated monthly payments based on documented mid-year growth prior to the Feb. 1 count.
- (3) If the RSD, the district of prior jurisdiction, and the local education agencies have an increase in current year Oct. 1 membership above the prior year Feb. 1 number included in the final MFP allocation individually, such entities shall receive individually a mid-year adjustment of MFP funding based upon the number of students identified above the membership number used in the final MFP allocation. This transfer shall be based on the final MFP allocation per pupil for the district of prior jurisdiction times the number of students identified. For increases in the current year Feb. 1 membership above the Oct. 1 number, the RSD, district of prior jurisdiction, and local education agencies shall receive individually a mid-year adjustment based on the number of students identified above the membership number times one-half of the final MFP allocation per pupil.
- (4) If the RSD Oct. 1 membership count qualifies for a mid-year adjustment to state funds, a mid-year adjustment to provide additional local per pupil funding shall also be made for each additional student based on the local per pupil amount of the district of prior jurisdiction times the increased number of students. For Feb. 1 increases, one-half of the local per pupil amount will be transferred.
- (5) For the newly opened school districts or local education agencies, in the first year of operation, a special mid-year adjustment will be made to finalize their MFP formula allocations using Oct. 1 data. This special mid-year adjustment will replace the Oct. mid-year adjustment. The newly opened school districts or local education agencies will qualify for the Feb. 1 mid-year adjustment.

Compared to present formula, proposed formula provides as follows:

Provides relative to Level 1–Cost Determination and Equitable Distribution of State and Local Funds as follows:

- (1) Uses Feb. 1 membership as defined by BESE.
- (2) Deletes projected student counts for storm affected districts - Orleans, Plaquemines, and

St. Bernard.

- (3) Maintains the existing weight for add-on student units for at-risk students at 0.22. Provides that BESE shall seek to increase the at-risk weight over four years by an appropriate amount annually until reaching a total at-risk weight of 0.40.
- (4) Maintains the existing weight for Career and Technical Education course units at 0.06.
- (5) Maintains the existing weight for Special Education/Other Exceptionalities students at 1.5.
- (6) Maintains the existing weight for Special Education/Gifted and Talented students at 0.60.
- (7) Maintains the Economy of Scale curvilinear weight of 0.20 for school systems with a student membership of less than 7,500.
- (8) Maintains the 2008-2009 base per pupil funding amount of \$3,855. (If no annual increase is provided and the resolution remains in effect for FY 2010-011 or thereafter, provides for subsequent annual adjustments in per pupil amount as determined by BESE with approval of the Jt. Legislative Committee on the Budget. Provides for automatic 2.75% growth adjustment in base per pupil amount if JLCB fails to approve the BESE recommended amount for FY 2010-11.)
- (9) Relative to the local school system share calculation, provides as follows:
 - (a) Property revenue contribution is calculated by multiplying the state's computed property tax rate (including debt service) by each school system's net assessed property value for the latest available fiscal year including Tax Increment Financing (TIF) areas. If a district's net assessed property value has increased equal to or greater than 10% over the prior year net assessed property value, then the growth in the net assessed property value will be capped at 10%. This cap will be applied on a year-to-year basis comparing the current year net assessed property value to the prior year uncapped net assessed property value. In FY 07-08, this millage was set at a level appropriate to yield a state average share of 65% and a local average share of 35%. The millage set in FY 07-08 will remain the same in FY 08-09 and beyond. BESE may revise the millage as deemed appropriate in order to reestablish the 65% to 35% share.
 - (b) Sales revenue contribution is calculated by dividing the district's actual sales tax revenue collected (including debt service) in the latest available fiscal year by the district's sales tax rate that was applicable to create a sales tax base. If a local school system's sales tax goes into effect during the fiscal year, the tax rate is prorated to an annual rate applicable for the total revenue generated. If a district's computed sales tax base increased equal to or greater than 15% over the computed sales tax base calculated in the prior year formula, then the growth in the

computed sales tax base will be capped at 15% over the amount used in the prior year formula. This cap will be applied on a year-to-year basis comparing the current year sales tax base to the prior year uncapped sales tax base. Each district's sales tax base is then multiplied by the state's projected yield of the sales tax rate. In FY 07-08, this rate was set at a level appropriate to yield a state average share of 65% and a local average share of 35%. The rate set in FY 07-08 will remain the same in FY 08-09 and beyond. BESE may revise the rate as deemed appropriate in order to reestablish the 65% to 35% share.

- (c) Other revenue contribution is calculated by combining state revenue in lieu of taxes, federal revenue in lieu of taxes, and 50% of earnings on property.
- (10) Relative to the state share calculation, provides that the state share is calculated by subtracting the local share from the total level 1 costs. Provides that in no event shall the state share of the total level 1 costs be less than 25% for any district.

Provides relative to Level 2 - Incentive For Local Effort as follows:

- (1) Provides that the local share of Level 2 revenue equals the district's eligible local revenue as calculated in Level 2 times the district's local share percentage of Level 1 times a factor of 1.72.
- (2) Provides that the state support of Level 2 incentive funding equals eligible revenue in Level 2 minus the local share of Level 2.
- (3) Provides that the maximum local revenue eligible for incentive funding in Level 2 is 34% of Total Base Foundation Level 1 State and Local costs.

Provides relative to Level 3—Legislative Enhancements as follows:

- (1) Continues supplemental pay raises for certificated personnel initiated in 2001-02, 2006-07, 2007-08, and 2008-09 as a per pupil amount.
- (2) Continues supplemental pay raises for noncertificated support workers initiated in 2002-03, 2006-07, and 2007-08 as a per pupil amount.
- (3) Continues the supplemental allocation of \$20,000 per teacher from BESE to local school systems that employ a Foreign Language Associate, not to exceed a total of 300 teachers.
- (4) Continues incentive funding to local school systems that enroll a student who transfers from an academically unacceptable school in an amount equal to the current year MFP state-average local share per pupil for each such student, for a maximum of 3 years as long as the student is enrolled.
- (5) Continues the 10-year phase-out of hold harmless funding beginning with a 10%

reduction of the revised "over funded" amount in FY 07-08. The annual 10% reduction amount will continue each year for 10 years. The annual 10% reduction amount will be redistributed in a per pupil amount to all non-hold harmless districts.

- (6) Continues providing local school systems with a per pupil funding amount of \$100 to provide support for increasing mandated costs involving health insurance, retirement, and fuel.
- (7) Adds emergency funding assistance for FY 2009-10 to the parishes of Morehouse (\$1.6 million) and Union (\$1 million) that are expected to experience a significant loss of local revenue due to closure of a business that is the major tax generator for these districts.
- (8) Continues funding levels for the Recovery School District. Provides that school districts shall include the student membership and weighted student counts of schools transferred to the RSD. Once final MFP calculations have been made the state and local shares shall be transferred to the RSD.
- (9) Continues funding levels for Type 2 charter schools. Provides that any school authorized as a Type 2 charter school by BESE on or after July 1, 2008, shall annually be appropriated funds as determined by applying the formula contained in R.S. 17:3995, except that the local share allocation will be funded with a transfer of the MFP monthly amount representing the local share allocation from the city, parish, or local public school board in which the attending students reside. Provides that where student attendance is from multiple school districts, the Dept. of Education shall determine the local share based on students reported by the schools.
- (10) Continues requirement that pay raise for certificated personnel from 50% of a district's increased funds provided in Levels 1 and 2 over the prior year after adjusting for increases in student membership shall be used only to supplement and enhance full-time certificated salaries and retirement benefits for city, parish, or other local school systems and the pay raise shall be provided in an equal amount to all certificated personnel. Suspends this requirement in any year in which no annual increase is provided in the state and local per pupil amount.
- (11) Maintains requirement that 70% of local school system general fund expenditures must be in the areas of instruction and school administration at the school building level.
- (12) Maintains requirement that state MFP funds shall only be expended for educational purposes.
- (13) Maintains requirement that the state must maintain support of the Foreign Language Associate Program at a maximum of 300 Foreign Language Associates employed in any given year. Provides that these teachers shall be paid by the employing city, parish, or other local school system or school the state average classroom teacher salary (without PIP) by years of experience and degree beginning with year three. Specifies that first-year

teachers will receive an installation incentive of an additional \$6,000 and second- and third-year teachers will receive a retention incentive of an additional \$4,000. Provides that these amounts must be provided to each Foreign Associate Teacher by each school district or school in which the teacher is employed.

- (14) Maintains school performance accountability requirement that each school district with a school that has a School Performance Score (SPS) below 60 and growth of less than 2 points in the SPS will be included in an annual MFP Accountability Report submitted to the Senate and House Committees on Education by June 1 of each year.
- (15) Prior formula provided that an accountability measure would be implemented in FY 08-09 for the funding generated by the At-Risk Weight as follows:
 - (a) Required that the total amount of the 2007-08 at-risk weight allocation be identified and required each city, parish, and other local school board to submit a report, in a manner prescribed by the Dept. of Education and approved by BESE, describing the schools where the funds were used and the purposes for which these funds were used in the previous school year.
 - (b) Required the Dept. of Education to identify the incremental amount of funding for each city, parish, or other local school board for FY 2008-09. Required each city, parish or other local school board, at the beginning of the school year, to demonstrate that at least 85% of the incremental At-Risk funding was directed to schools with 50% or more students eligible for free or reduced price, and to distribute such funds proportionately to each school based on the number of students in each school having 50% or more free or reduced price lunch students. Further required local school boards to submit a report, in a manner prescribed by the Dept. of Education and approved by BESE, detailing the allocation and use of these at-risk funds.
 - (c) Required city, parish, or other local school boards with at least one low performing school (schools in Academic Assistance or Academic Unacceptable status) to submit, at the beginning of the school year, district-wide plans detailing how the identified incremental At-Risk funding will be allocated to and used by the low performing schools. Required DOE to implement a pilot program for the 2008-2009 school year to analyze the FY 08-09 plans and offer technical assistance to the local school systems on proven, effective interventions for At-Risk students.
 - (d) Specified that the information collected would be used to modify and expand the program and reporting mechanism for FY 2009-10.

Proposed formula modifies and continues the at-risk funding accountability as follows:

- (a) Rather than demonstrate usage of these funds and allocate funds proportionately to schools based upon the number of children eligible for free and reduced lunch,

requires local school boards to assure that 85% of the additional at-risk funding generated by the formula will continue to be allocated to benefit at-risk students.

- (b) Deletes provision that reporting requirements developed by DOE be approved by BESE.
- (16) Prior formula provided that an accountability measure would be implemented in FY 08-09 for the funding generated Career and Technical Education weight as follows:
- (a) Required that the total amount of the 2007-08 career and technical education weight allocation be identified. Stated the intention of BESE that these funds be used to enhance Career and Technical Education activities. Required city, parish, or other local school boards to expend 100% of the incremental Career and Technical Education funding on Career and Technical Education activities. Required local school systems to submit a report, in a manner prescribed by the Dept. of Education, detailing how these funds were utilized.
 - (b) Directed the Dept. of Education to modify implementation of the reporting mechanism based on the data collected in FY 08-09.

Proposed formula modifies and continues the career and technical education funding accountability as follows:

- (a) Deletes BESE intention statement and specific language requiring local boards to use 100% of the additional funding for career and technical education activities and instead requires that local school systems assure that the funding generated by the career and technical education weight in FY 08-09 will continue to be allocated to benefit career and technical education students.
- (b) Continues reporting requirements.